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SUBJECT: TAX INSPECTORS UNBLOCK INTERNEWS/EMF BANK ACCOUNTS

REF: A. MOSCOW 1896

B. MOSCOW 1810

Classified By: Political Minister Counselor Alice G. Wells.  
Reason 1.4(d).

¶11. (SBU) SUMMARY: On May 30, Moscow tax inspectors acknowledged that an earlier decision to freeze the bank accounts of Internews/Educated Media Foundation (EMF) had been a "misunderstanding" and allowed the accounts to be re-opened. The inspectors' decision in the wake of multiple interventions by the Embassy and Secretary allows the beleaguered, USG-funded NGO, which has been providing media training for regional outlets and journalists, to pay rent and salaries. Still pending in the EMF case are possible criminal charges against ex-EMF Director Manana Azlamyan and a case filed by EMF lawyers to force the return of the NGO's computer servers and other materials confiscated during a GOR raid on the organization's offices. EMF's ordeal has been a blunt reminder to the NGO community of their vulnerability to GOR prosecution. End Summary.

¶12. (U) On May 30, the Moscow the Tax Inspectorate reversed its May 23 decision to freeze the bank accounts of the Educated Media Foundation (EMF), the successor organization to Internews. The inspectors had alleged that EMF had not filed a VAT declaration in the last quarter, a charge that Aslamazyan denied, according to media accounts. EMF attorney Viktor Parshutkin told us May 31 that the Tax Inspectorate had acknowledged that the decision to freeze the account had been the result of a "misunderstanding." The Inspectorate's reversal of course frees EMF to pay its rent, salaries, and other expenses.

¶13. (SBU) Although able now to discharge its administrative responsibilities, the work of the NGO remains blocked by an earlier confiscation, during a raid on EMF headquarters, of its computer servers and other materials. An EMF-filed case to force the return of its equipment remains unheard as of May 31. It has been delayed by changes of court and of investigatory jurisdiction. In the latest twist, Parshutkin has filed a new complaint in the Tverskoy Court that, if accepted, will shift the venue for the third time in less than one month. The Court has seven working days in which to announce the date of the trial. Parshutkin was cautiously optimistic that EMF's equipment would eventually be returned, and that the organization, at some point in the future, would be able to resume its work.

¶14. (SBU) In addition to the impending hearing on the confiscation of EMF's computer servers and other materials, an investigation continues on the charge against Aslamazyan that ultimately prompted the raid of EMF. (Azlamazyan was charged (reflets) with failing to declare currency above the allowable limit upon entry into Russia.) According to Parshutkin, on May 23 Aslamazyan's case was transferred to an inspector in the Investigative Division, who is reportedly pursuing the possibility that she was involved in contraband operations. Contraband charges, if filed against Aslamazyan,

are much more serious than the administrative violation she was initially investigated for. Parshutkin described the latest potential development simply as "bad." Aslamazyan is reportedly in Paris, and is preparing to take a position in New York working for Internews.

¶5. (SBU) Because of the uncertainty over EMF's continued operations, plans for its future are on hold and alternatives are being considered. EMF had hoped to spin off its Media and Research Analysis Center and other activities as commercial enterprises, with some funding from USAID to help in the transition. Those plans are now stalled. To fill the void left by the possible crippling of EMF, USAID is preparing a USD 2.5 million fund (USD 1.6 million more than was planned for EMF) for a partnership program that will pair Russian media associations with U.S. or international counterparts.

¶6. (C) Comment: The unfreezing of accounts and ability of EMF to continue operations in Russia, (although without its current director), if borne out, is welcome news. It follows multiple interventions by the Embassy and the Secretary with GOR officials. However, EMF's ordeal has been a blunt reminder to an already skittish NGO community that they are under scrutiny and vulnerable to aggressive prosecution.

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